

# Vátryggingafélag Íslands hf. Financial Results

2023

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28 February 2024



# Key Operational Highlights



Merger between VÍS  
and Fossar finalized

After-tax **profit** 1.8bn  
(2.8bn adj.)

Turnaround in  
Insurance Revenue

Higher ranking in  
NPS and CSAT



Financial Services  
**performing** post  
merger

Significant growth  
in AuM  
117 bn

Return on  
**Insurance Investments** 10.7%

**Cost measures** implemented in all  
operating entities

# More diversified Income Streams



- **Skagi<sup>1</sup>** is a financial services group consisting of three operating entities:
  - **VÍS Insurance**
  - **Fossar Investment Banking**
  - **SIV Asset Management**
- More diversified income streams to enhance long term shareholder value
- Focus on best-in-class customer service and long-term relationships
- At the forefront of connecting Icelandic economy with international markets
- Emphasis on streamlining insurance operations and capitalizing on opportunities in financial services
- **Financial strength to support internal and external growth opportunities**



Insurance

Investment Banking

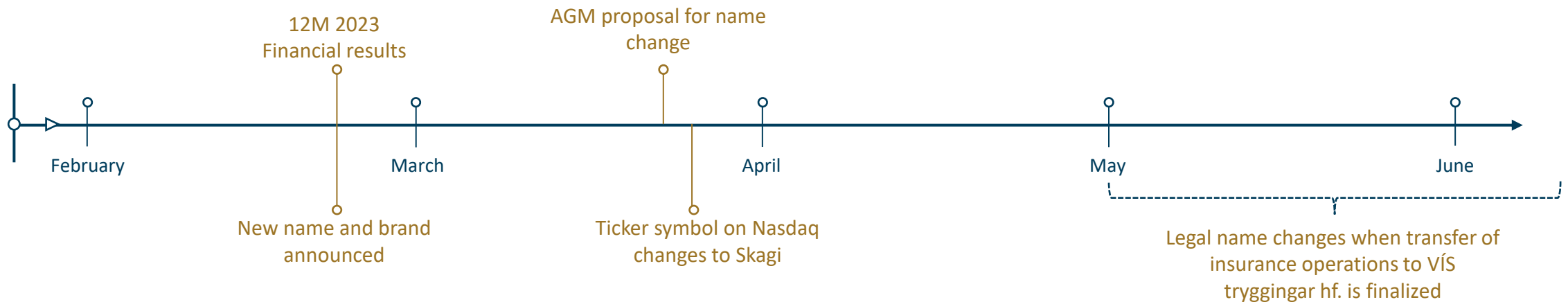
Asset Management

1. A proposal for a new name "Skagi" is subject to shareholder approval, this name change has been proposed for AGM of the company on 21<sup>st</sup> March 2024. Current name of the company remains Vátryggingafélag Íslands hf. until such name change has been approved by shareholders and FSA approval of the transfer of insurance operations to the subsidiary VÍS tryggingar.

# New Identity Introduced



- The group now operates under a **new brand identity: Skagi**
- For technical reasons, the company registration will remain unchanged until the insurance operations have been fully **transferred to a subsidiary**
- Subject to an AGM approval on March 21<sup>st</sup> the ticker on Nasdaq Iceland **will change from VIS to SKAGI**
- The transfer of the group's insurance operations to our subsidiary, VÍS tryggingar hf., is expected to be **finalized in spring/summer**.



# Long Term Financial Targets



Ambitious long-term targets to be achieved within year end 2026

**>2,50**

Profit per share

**>36bn**

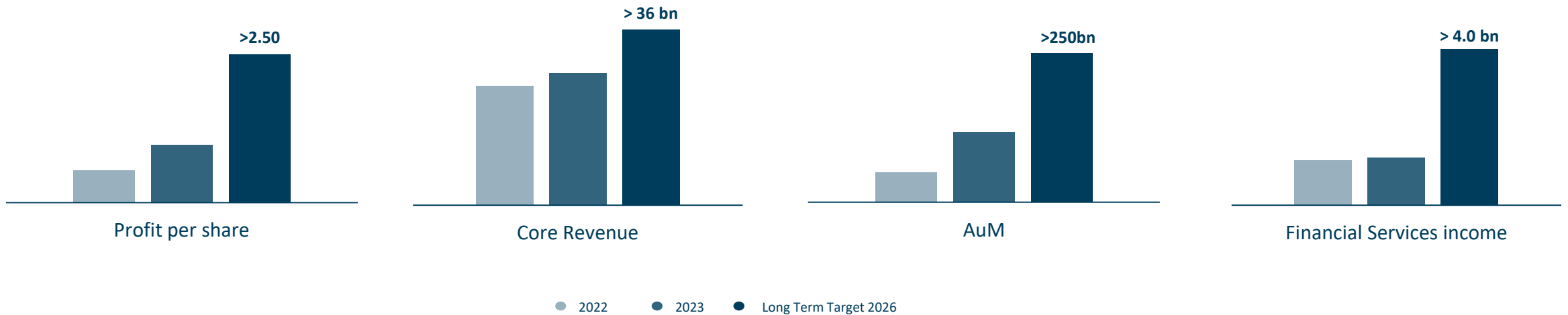
Core Revenue

**>250bn**

AuM

**>4bn**

Financial Services

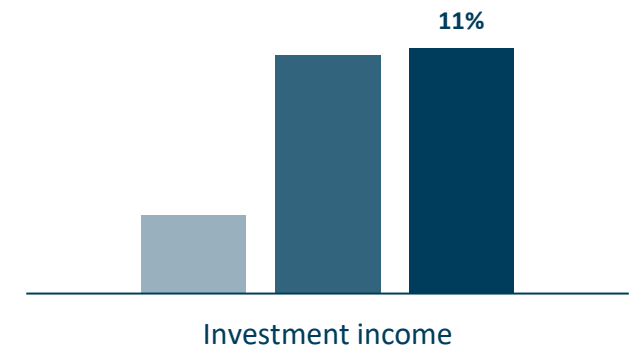
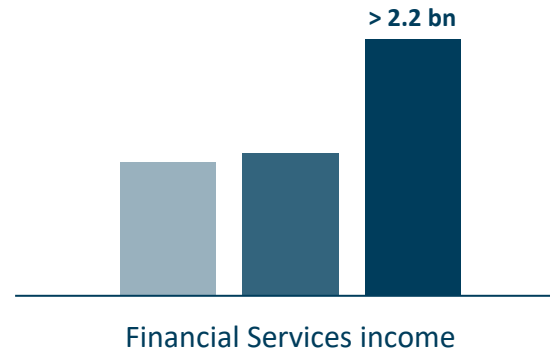
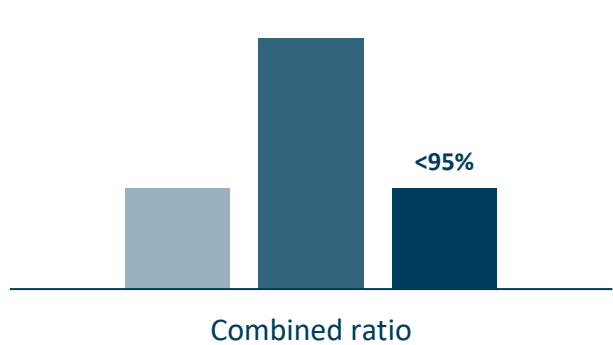
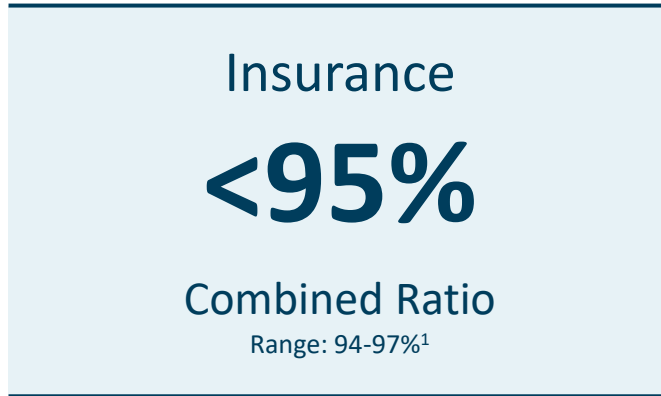


1. Profit per share on annual basis. 2. Core Revenue includes gross premium revenues of Insurance and net financial service income. 3. AuM and placement by clients into foreign funds which Fossar are distributors in Iceland. Graphs on AuM and Net financial service income include Pro Forma historical numbers from Fossar. 4. Net financial services income includes all net income of Fossar and SIV, including net interest, fees, financial income and other income.

# Medium Term Financial Targets



Targets and Guidance Range for each Business Unit in FY2024



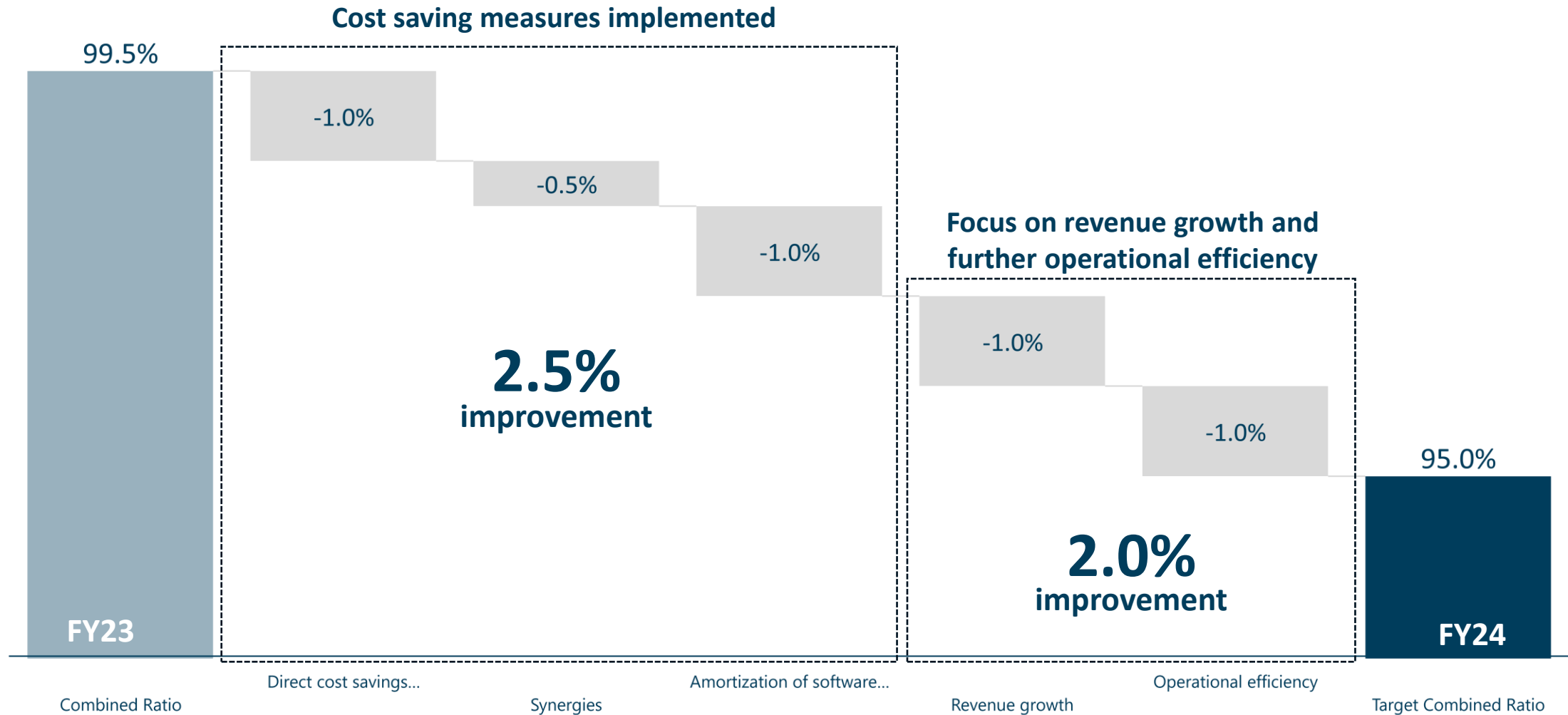
● 2022   ● 2023   ● Medium Term Target 2024

1. Target Combined ratio for VÍS insurance business <95%. 2. Target Financial Services Income >2.2bn includes all income of Fossar and SIV, including net interest, fee, financial income and other income. Outlook to be updated if performance is expected to be outside of target range for Insurance and Financial Services business units. 3. Investment return target is based on market conditions and assumptions in January 2024 and asset allocation policy for this year (35% Equity & 65% Bonds). Investments include solely the investments and income derived from VÍS Insurance investment portfolio. No update will be provided on outlook guidance for expected return on Investments. The company publishes extensive information with breakdown on Insurance Investments portfolio and material changes in each quarter.

# Path towards the Target Combined Ratio <95%



VÍS Insurance has implemented cost saving measures with continued Focus on revenue growth and operational efficiency



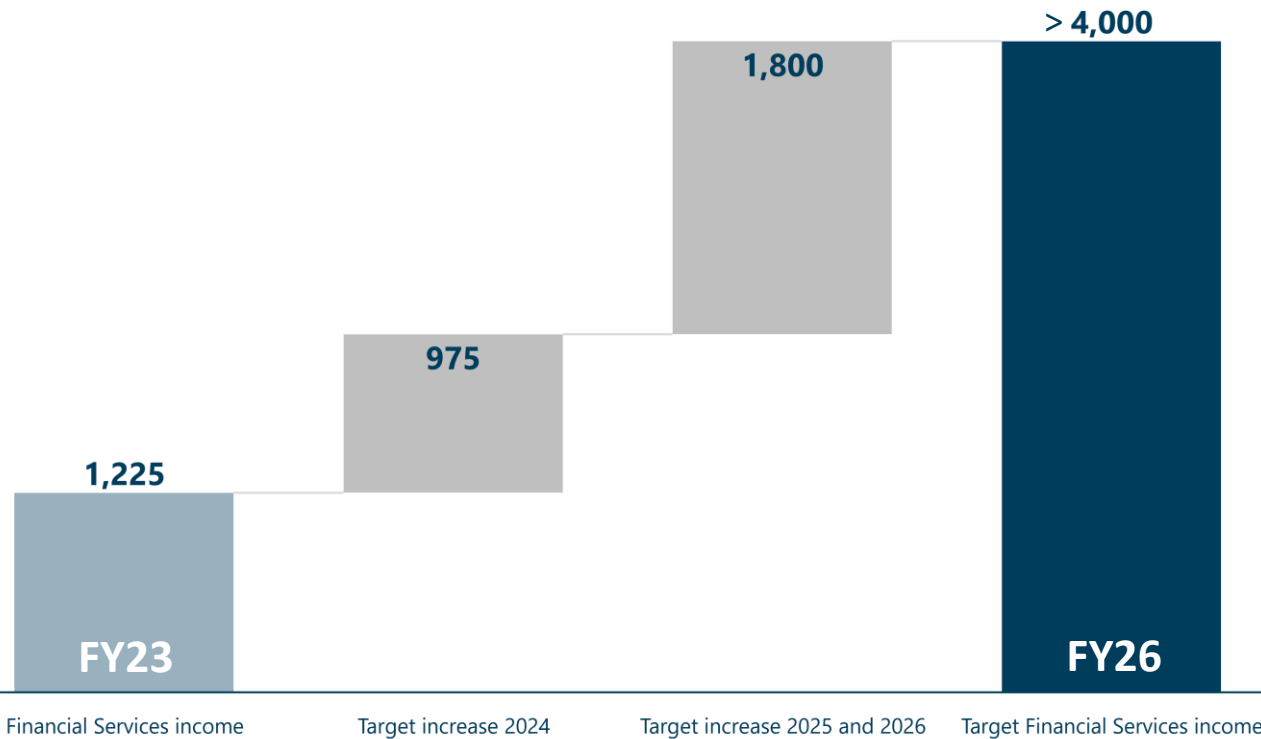
# Growth in Investment Banking and Asset Management



Fossar and SIV well positioned to capture growth

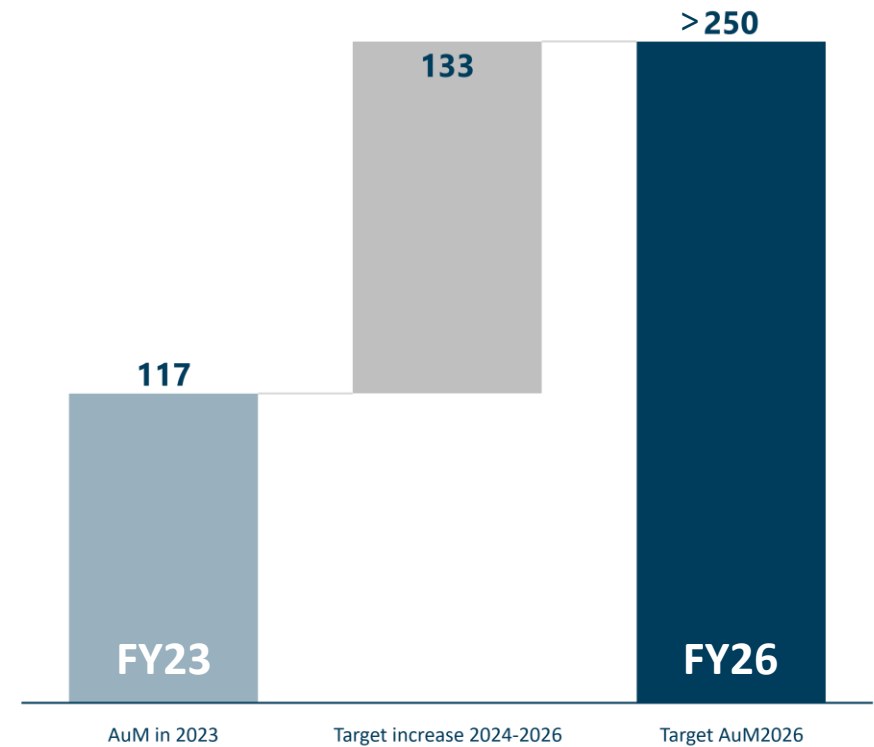
## Financial Services Income Target

ISK million



## AuM Target

ISK billion





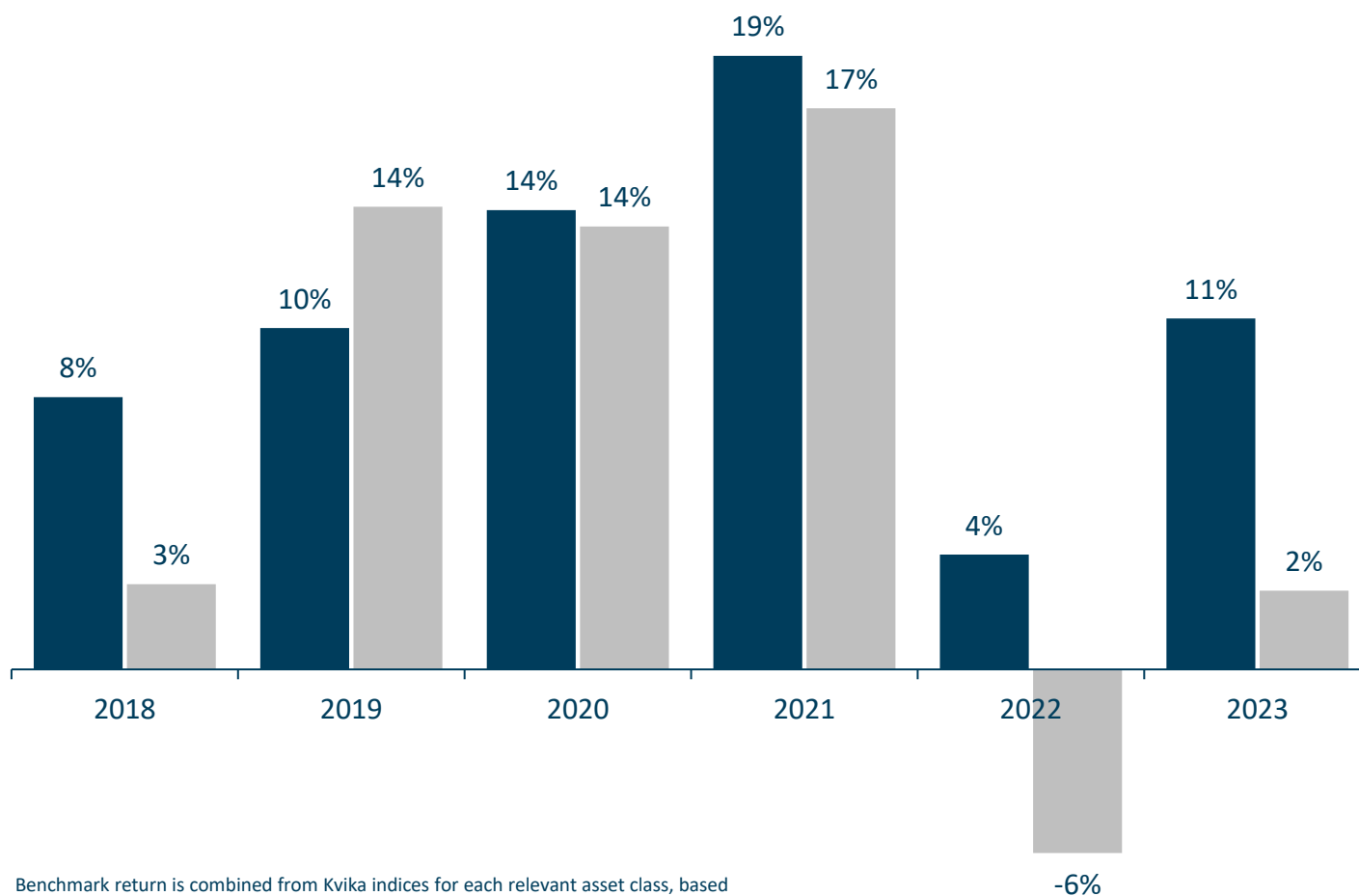
# Strong Historical Track Record



Insurance investments have generated 4.6% annual outperformance in past six years

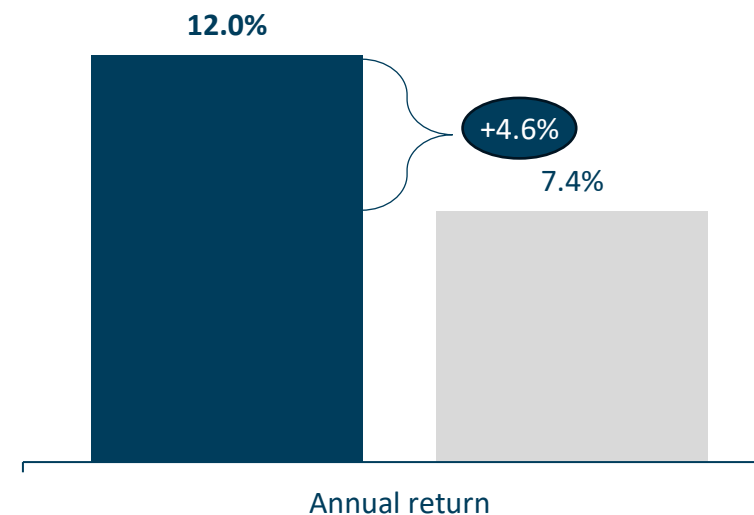
## Historical Return

■ Actual return ■ Benchmark return



## Annual Return

Last 6 years



Benchmark return is combined from Kvika indices for each relevant asset class, based on investment strategy for VIS Investment portfolio in each year

# Group ROE and Dividend Policy

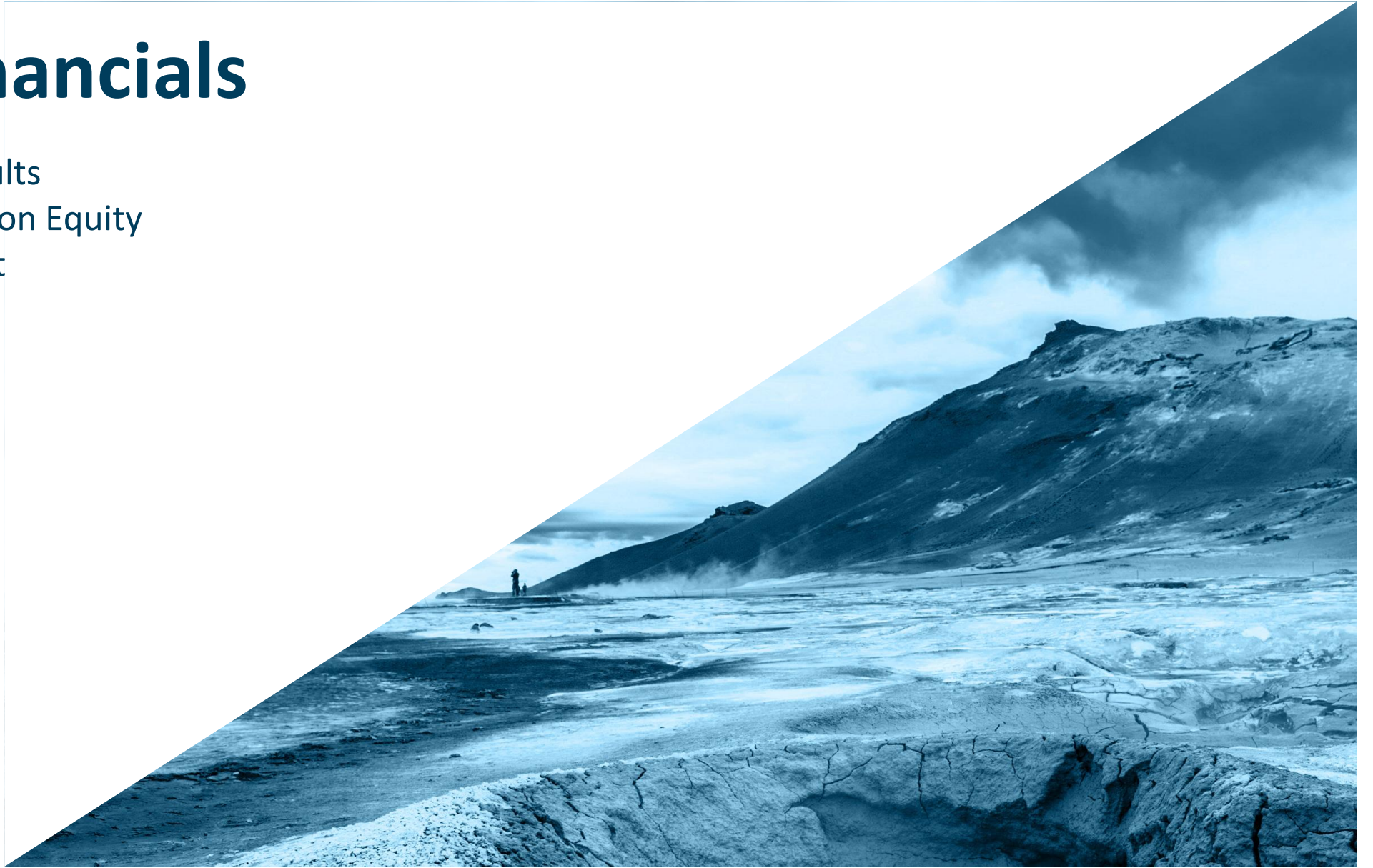
Target to deliver consistent return on equity and dividend to shareholders above policy



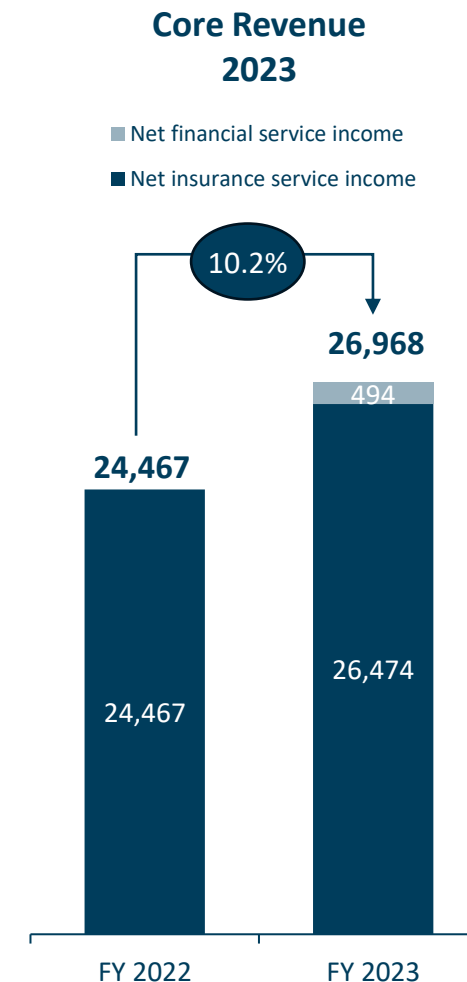
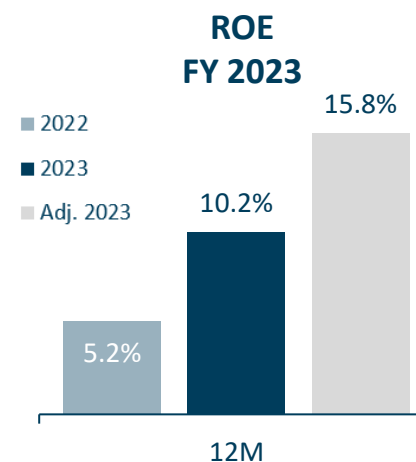
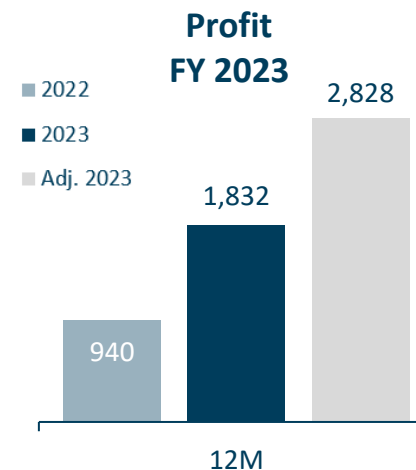
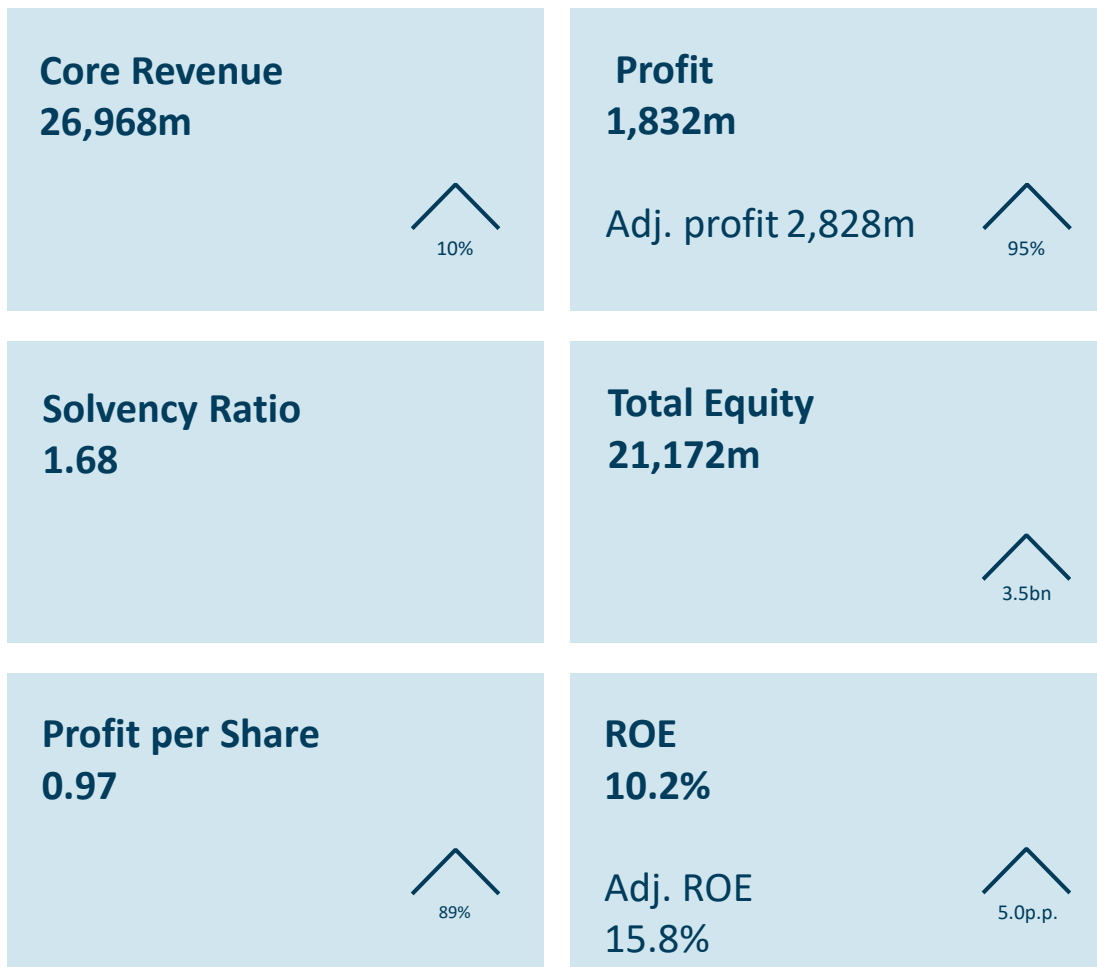
Dividend Payments stated as share of profits, subject to solvency ratios and other factors such as potential internal or external growth opportunities. Consolidated Group ROE on annual basis presented as policy target but not expected outlook for the year – company will not provide update on ROE outlook.

# Group Financials

- Key Financial Results
  - Profit and Return on Equity
  - Income Statement
- 



# Key Financial Results in 2023



1. Adjusted for ISK 996 million in one off items, thereof 805 million write down of intangible software assets of VÍS insurance . 2. Net Insurance Service Income is premium insurance revenue less costs related to claims and reinsurance. 3. Net financial service income includes all revenues of Fossar and SIV, including but not limited to net interest, fee and financial income. 5. Solvency Ratio for the Group at year end 2023 is 1.66. Group SCR is 1.55 adjusted for proposed dividend and current buyback program. Solvency Ratio for VÍS insurance business is 1.50. adjusted for proposed dividend and current buyback program. 6. AuM and placement by clients into foreign funds for which Fossar are distributors in Iceland . 7 Core Revenues includes gross revenue of Insurance and net financial income.

# Business Unit Highlights in 2023



## Insurance

### Growth in Sales and Cost Measures in Place

- Insurance revenues grow 8.2% in 2023 and thereof 9.3% in Q4 2023
- Increased focus on excellent service and customers satisfaction
- Focus on customer satisfaction and improving the service outside the capital area led to increase in NPS and CSAT
- Combined ratio 99.5% - high-cost ratio and major claims negatively affect the results
- Cost measures that have now been implemented will reduce cost ratio in 2024 and in the future
- Cost measures and increased emphasis on sales provides path towards target combined ratio <95%

**99.5% Combined ratio**  
**8.2% YoY revenue growth**



## Financial Services

### New Pillar of Income from Financial Services

- Fossar and SIV are now combined under financial services creating a new pillar of income
- Strong growth in AuM with 117bn at the year end<sup>1</sup>
- SIV established new funds and took over management of Glymur funds. As of today, SIV has 10 funds in total under management
- Fossar Private Banking AuM 75% YoY<sup>2</sup>
- Market conditions improved at the end of the year with improved operational performance
- Improved conditions in financial markets at year end was reflected in increased income of Fossar
- New year off to a good start for both SIV and Fossar

**AuM 117 bn<sup>1</sup>**  
**497 million revenue**



## Investments

### Strong return in Challenging Market

- Strong return in challenging market
- Investment income of 4.7 bn and 10.7% return
- Kerecis sale contributed significantly to investment income
- Good relative return on listed equities
- All asset classes returned positive relative return compared to benchmark
- Listed equity performance positive 5.2% in the full year compared to 5.8% drawdown of market index
- Investment portfolio stands at 44 bn at year end

**4.7 bn investment income**  
**10.7% return**

# Income Statement Q4 2023



Core revenue increase with new pillar of income from financial services

## Group Core Revenue 7.3 bn and Adjusted Profit 1.0bn

### Insurance

- Insurance revenue was 6,844m (9.3% YoY)
- Net insurance service income 1,872m (3% YoY)
- Combined ratio 96.4% and 245m insurance contract result

### Financial Services

- Net financial service income 447m from Fossar and SIV

### Investments

- Investment income was strong with 1,498m, representing a 3.4% return in the quarter
- Net investment income 878m, after finance expenses related to insurance liability and subordinated bond

### Net Operating Income

- Net operating income 3,218 (61% YoY)

### Expenses

- Operating expenses 2,115m (63% YoY) with Fossar and SIV added to the group and high inflation main factors
- One-off expenses 841m, thereof about 35m due to group changes and 806m write down of software assets

### Results

- Profit of 152m and Adjusted Profit 993m

| Income statement                                     | Q4 2023      | Q4 2022      | Diff.        | Diff. %     |
|--|--------------|--------------|--------------|-------------|
| Net insurance service income                         | 1,872        | 1,811        | 61           | 3%          |
| Net financial service income                         | 447          | 0            | 447          | n/a         |
| Net investment income                                | 878          | 178          | 700          | 394%        |
| Other income   | 21           | 14           | 8            | 57%         |
| <b>Net Operating Income</b>                          | <b>3,218</b> | <b>2,002</b> | <b>1,215</b> | <b>61%</b>  |
| Operating expenses                                   | -2,116       | -1,298       | -818         | 63%         |
| Depreciations and amortizations                      | -217         | -145         | -841         | 581%        |
| One-off expenses and write down of intangible assets | -841         | 0            | -72          | n/a         |
| <b>Profit before taxes</b>                           | <b>44</b>    | <b>559</b>   | <b>-515</b>  | <b>-92%</b> |
| Income tax   | 108          | -98          | 206          | 210%        |
| <b>Profit</b>  | <b>152</b>   | <b>461</b>   | <b>-309</b>  | <b>-67%</b> |

| Group KPIs  | Q4 2023      | Q4 2022      | Diff.        | Diff. %      |
|---|--------------|--------------|--------------|--------------|
| <b>Core Revenues</b>                                  | <b>7,291</b> | <b>6,260</b> | <b>1,031</b> | <b>16.5%</b> |
| ROE - annualised                                      | 2.9%         | 2.7%         |              |              |
| Profit per share                                      | 0.08         | 0.27         |              | -70.5%       |
| Adjusted Profit - for one off expenses and write down | 992          |              |              |              |
| Adjusted ROE - annualised                             | 18.9%        |              |              |              |

| Business Unit KPIs            | Q4 2023 | Q4 2022 | Diff. | Diff. % |
|-------------------------------|---------|---------|-------|---------|
| Insurance revenue             | 6,844   | 6,260   | 584   | 9.3%    |
| Combined ratio                | 96.4%   | 92.9%   |       |         |
| Insurance contract result     | 245     | 443     | -198  | -44.7%  |
| Net financial services income | 447     | 0       | 447   | n/a     |
| Investment income             | 1,498   | 392     | 1,106 | 282%    |
| Investment income return %    | 3.4%    | 0.9%    |       |         |

# Income Statement 2023



Core revenue of ISK 27 billion and adjusted profit of 2.8 billion in a transformational year

## Group Core Revenue 27bn and Adjusted Profit 2.8bn

### Insurance

- Insurance revenue was 26,474m (8.2% YoY)
- Net insurance service income 6,048m (-8% YoY)
- Combined ratio 99.5% and 143m insurance contract result

### Financial Services

- Net financial service income 494m from Fossar and SIV

### Investments

- Investment income strong with 4,753m, representing a 10.7% return in the quarter
- Net investment income 3,092m, after finance expenses related to insurance liability and subordinated bond

### Net Operating Income

- Net operating income 9,712 (45% YoY)

### Expenses

- Operating expenses 6,253m (23% YoY) with Fossar and SIV added to the group and high inflation main factors
- One-off expenses 996m, thereof 191m due to strategic group changes and 805m write down of intangible software assets

### Results

- Profit of 1,832m and Adjusted Profit 2,828m

| Income statement                                     | FY 2023      | FY 2022      | Diff.        | Diff. %    |
|--|--------------|--------------|--------------|------------|
| Net insurance service income                         | 6,048        | 6,559        | -511         | -8%        |
| Net financial service income                         | 494          | 0            | 494          | n/a        |
| Net investment income                                | 3,092        | 104          | 2,988        | 2879%      |
| Other income   | 78           | 47           | 31           | 65%        |
| <b>Net Operating Income</b>                          | <b>9,712</b> | <b>6,711</b> | <b>3,002</b> | <b>45%</b> |
| Operating expenses                                   | -6,253       | -5,069       | -1,184       | 23%        |
| Depreciations and amortizations                      | -672         | -587         | -84          | 14%        |
| One-off expenses and write down of intangible assets | -996         | 0            | -996         | n/a        |
| <b>Profit before taxes</b>                           | <b>1,791</b> | <b>1,054</b> | <b>737</b>   | <b>70%</b> |
| Income tax   | 40           | -114         | 154          | 135%       |
| <b>Profit</b>  | <b>1,832</b> | <b>940</b>   | <b>892</b>   | <b>95%</b> |

### Group KPIs

|   |               |               |              |              |
|---|---------------|---------------|--------------|--------------|
| <b>Core Revenues</b>                                  | <b>26,968</b> | <b>24,467</b> | <b>2,501</b> | <b>10.2%</b> |
| Return on equity                                      | 10.2%         | 5.2%          |              |              |
| Profit per share                                      | 0.97          | 0.55          |              | 76.4%        |
| Adjusted Profit - for one off expenses and write down | 2,828         |               |              |              |
| Adjusted ROE  | 15.8%         |               |              |              |

### Business Unit KPIs

|                               |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|
| Insurance revenue             | 26,474 | 24,467 | 2,007  | 8.2%   |
| Combined ratio                | 99.5%  | 95.0%  |        |        |
| Insurance contract result     | 143    | 1,214  | -1,071 | -88.2% |
| Net financial services income | 494    | 0      | 494    | n/a    |
| Investment income             | 4,753  | 1,545  | 3,208  | 208%   |
| Investment income return %    | 10.7%  | 3.5%   |        |        |

# Business Unit Financials

- Insurance
  - Financial Services
  - Investments
- 





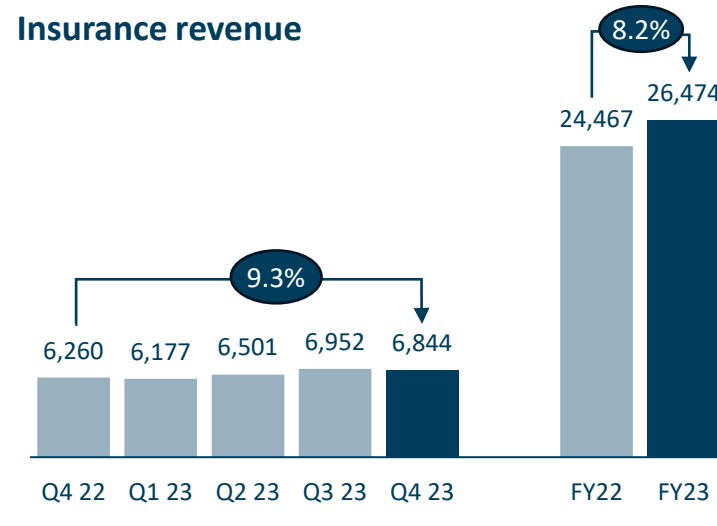
# Insurance



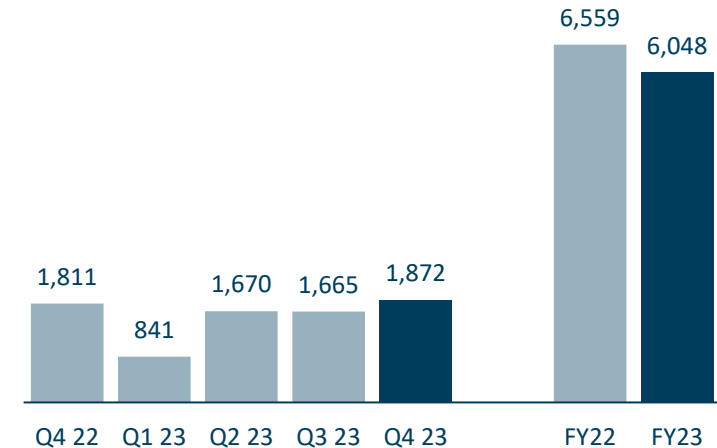
Growth in sales and cost measures implemented

- Positive momentum in insurance revenue; both in individuals and corporates
- 9.3% insurance revenue growth in Q4 and 8.2% in 2023
- Strong 14% growth in life and health insurance with increased emphasis on growth in this product range. Highest growth in over 10 years
- Claims ratio negatively affected by six large claims as well as the average claim in motor insurance increased significantly
- Cost measures implemented and higher premium base should reduce Cost ratio down below 19%
- Increased focus on excellent service and customers satisfaction. Focus on service outside the capital area led to increase in NPS and CSAT
- Combined ratio 99.5%. Increased emphasis on service, sales and cost efficiency will provide the path towards our long-term target combined ratio of 95%

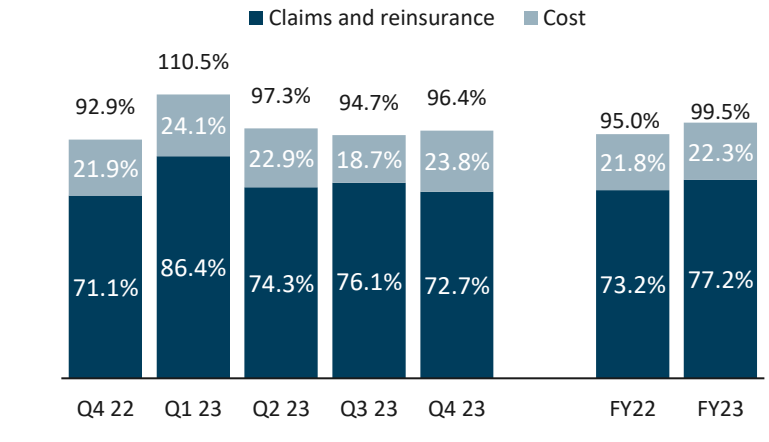
## Insurance revenue



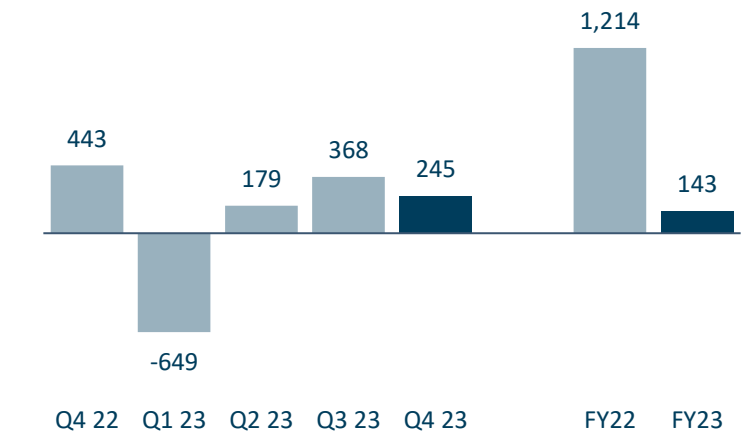
## Net insurance service income



## Combined ratio



## Insurance contract results



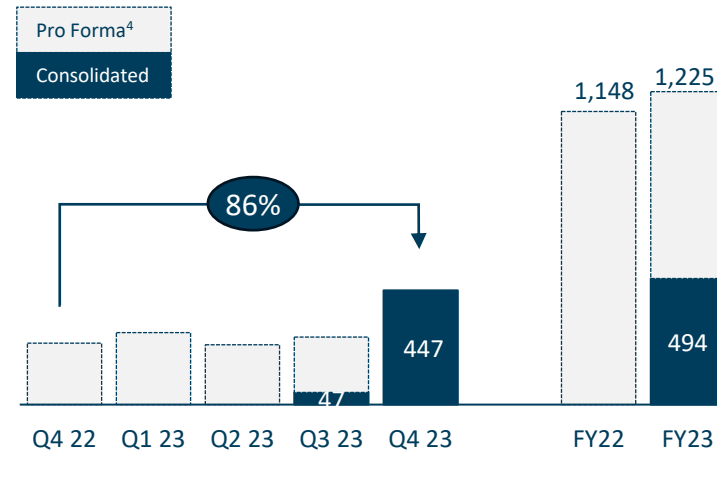
# Financial Services

New pillar of income from Financial Services

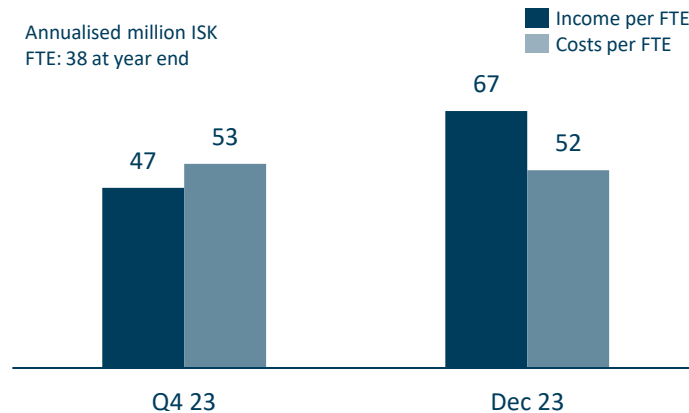


- Fossar and SIV combined under financial services within the group with net income of 447m in Q4 (86% YoY pro forma)
- AuM of 117bn at end of year and focus on increasing asset management income
- Fossar Private Banking AuM +75% YoY<sup>2</sup>
- SIV established new funds and took over management of Glymur funds. As of today, SIV has 10 funds in total under management
- Market conditions improved at the end of the year with improved operational performance
- December a strong month for Financial Services with implied annual income 67m and +25% ROTE pre tax<sup>3</sup>
- Financial Services result after taxes was balanced with loss of 4m in Q4<sup>4</sup>
- Challenging year for Fossar with significant headwinds has now passed. Total losses post tax for Fossar Investment Bank first 9M 2023 amounted to 551m<sup>5</sup>

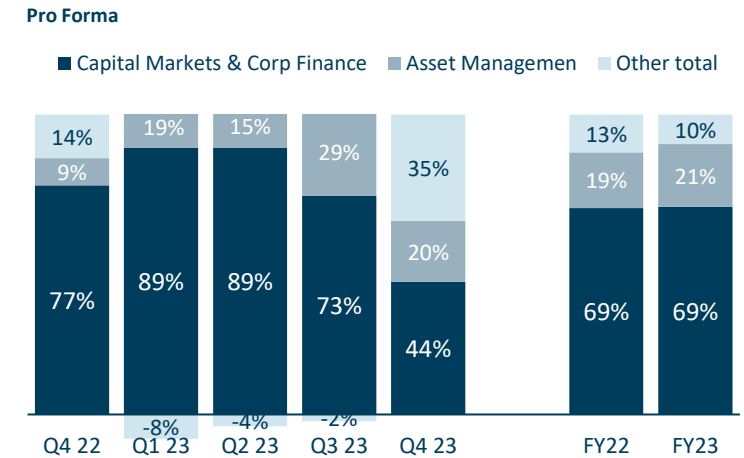
## Net financial services Income



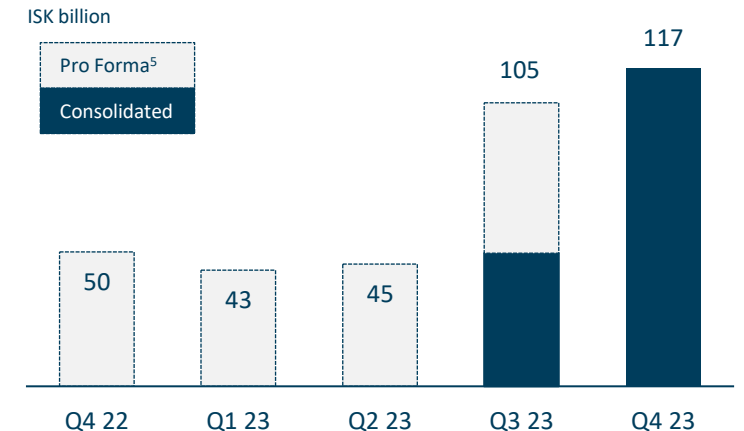
## Financial Services: Income and costs per FTE



## Composition of financial service income



## Assets under management<sup>1</sup>



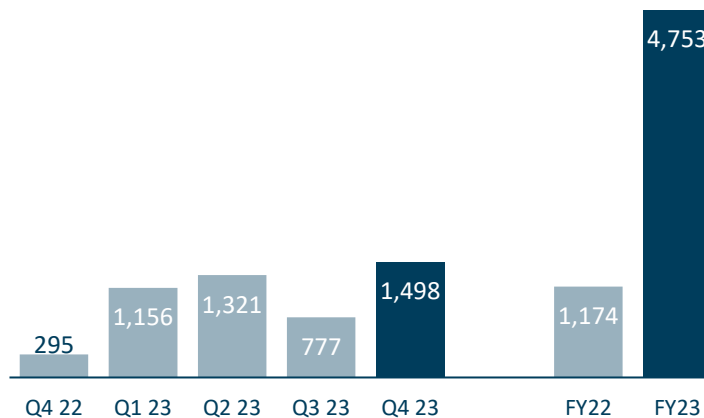
# Investments



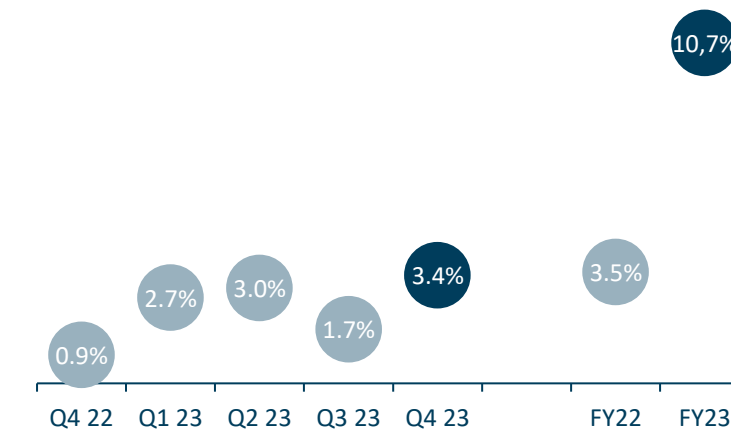
## Strong return in challenging market

- Return on investments 3.4% and investment income of 1.498m in Q4.
- Full year return of 10,7% and investment income of 4.753m
- Listed equity performance positive 5.2% in the full year compared to 5.8% drawdown of market index
- Positive contribution from all asset classes
- Solid return from bonds and cash contributing a total of 1.069m in Q4 and ISK 2.529m in 2023
- In the quarter an uplift of 135m was accounted for on Kerecis earn out. Kerecis contributing 1.5bn total gain in 2023
- Return from listed equity in Q4 was 301m or 4.5% which was below market indices mainly due to low equity exposure to Marel and exposure to Icelandic Salmon. A meaningful exposure is on Alvotech via convertible bonds
- Unlisted equity contributed 57m in Q4 despite 125m reduction in value of Controlant

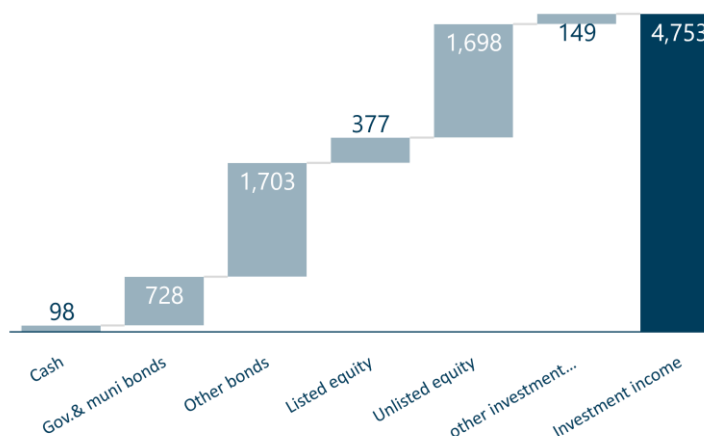
### Investment income



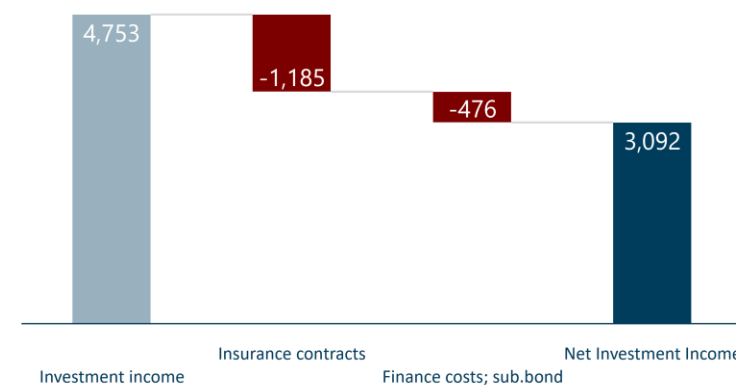
### Return on investment assets



### Investment income from assets in 2023



### Net investment income breakdown



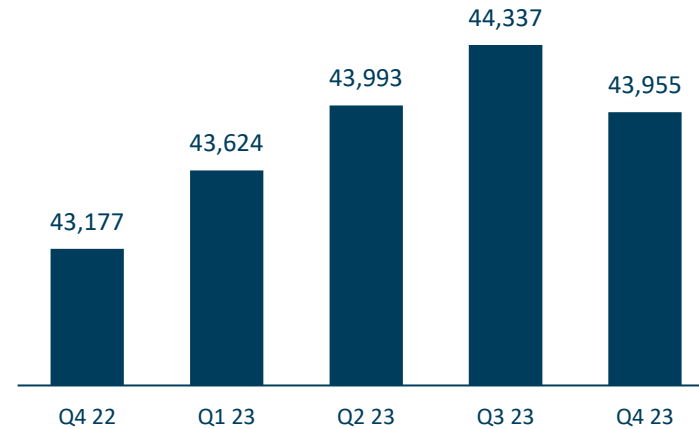
# Investment Portfolio



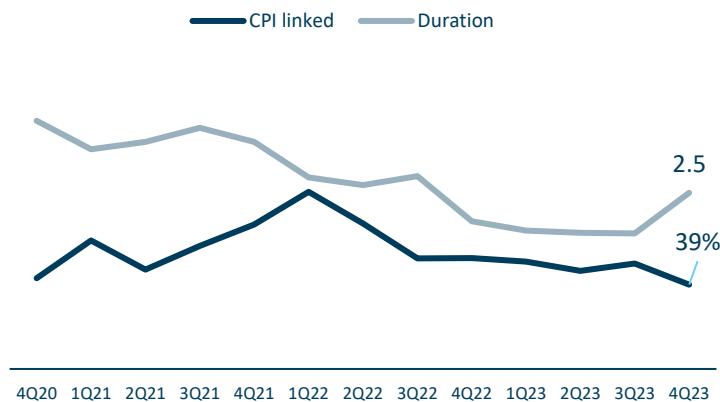
Investment assets stands at 44bn with main allocation shift into longer duration bonds

- Investment asset portfolio<sup>1</sup> stands at 44bn at end of year, consisting of financial assets of VÍS insurance
- Composition of portfolio is 69% bonds and 31% equity, thereof 15% in unlisted equity
- Allocation into government bonds from other bonds, both repayments and sales
- Duration increased and stands at 2,5 in Q4 compared with 1,9 at end of Q3
- CPI-linked bonds correspond to 39% at end of year compared 45% at end of Q3
- About 23% of bond portfolio is on floating rates
- Foreign bonds are comprised of foreign credit funds and bonds issued by financial institutions
- Currency protections are in place against the foreign fx bond exposure

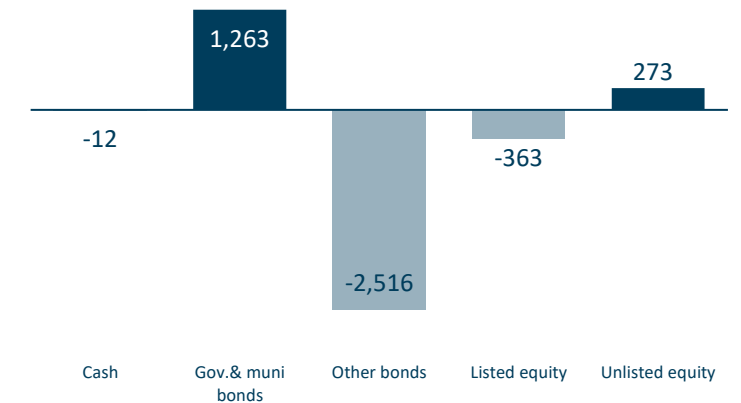
## Investment assets



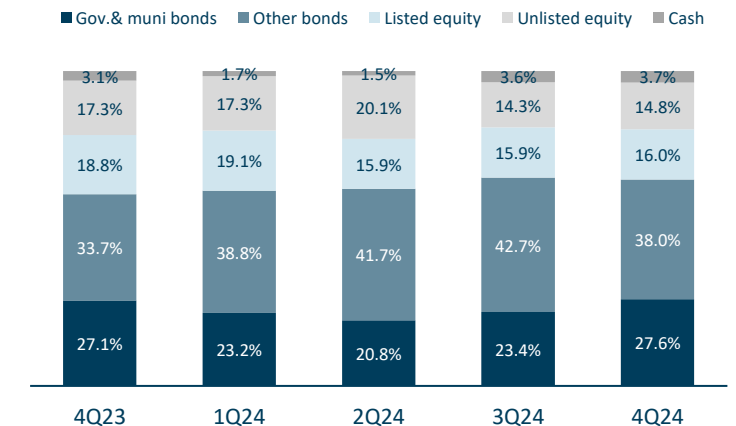
## Bonds - duration and CPI-linked ratio



## Asset allocation shift in Q423



## Asset allocation



# Operating Costs and Balance Sheet

- Operating Costs
  - Balance Sheet
  - Solvency and Bank Capitalisation
- 



# Operating Costs



Streamlining of operating costs and synergies emerging in new year

- Across the group cost synergy measures will be achieved in housing, IT, finance and legal along with revenue synergies
- VÍS and Fossar will be more cost efficient as of 2024 due to measures implemented post-merger

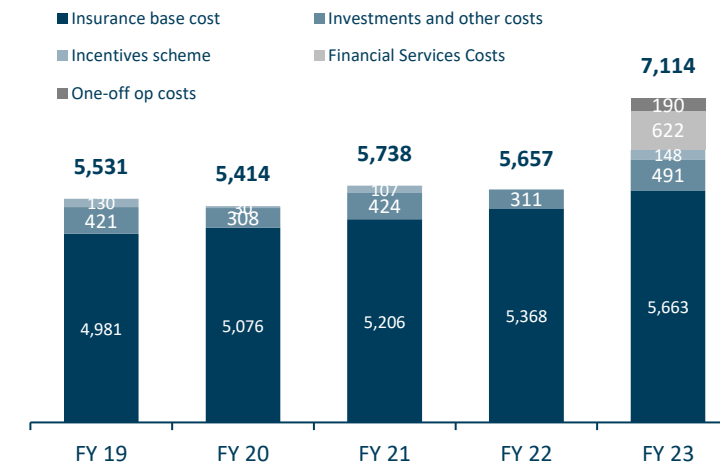
## VÍS Insurance

- Reduction of staff in insurance operation resulting in lower operating expenses
- IT cost efficiencies with insourcing
- Housing synergies with Fossar
- Full write down of software assets

## Fossar Investment Bank

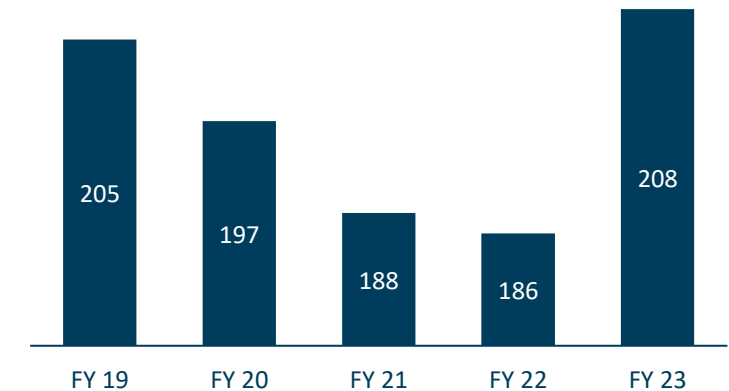
- FTEs peaked at 41 in Q2 2023 – now down to 32
- Office relocation
- IT and finance synergies with VÍS
- Economy of scale with enlarged balance sheet along with better conditions

## Operating costs

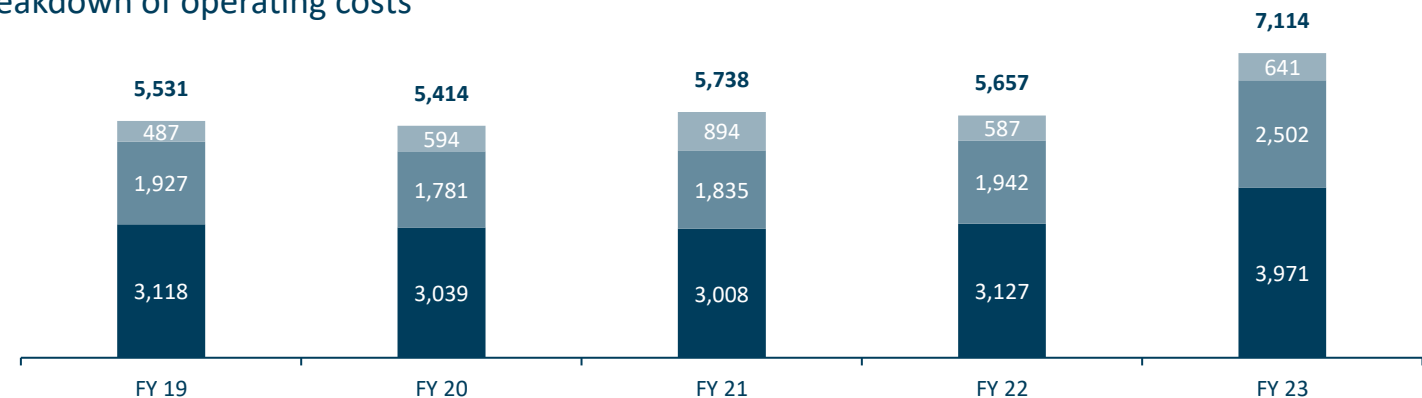


## Employees (FTEs)

Employees at year end 233



## Breakdown of operating costs



# Balance Sheet



Strong financial position with Fossar Investment Bank now consolidated

- Strong and robust balance sheet of VÍS Insurance now consolidated with Fossar Investment Bank
- Total assets 65bn (31% YoY)
- Balance sheet of Fossar consists of liquid assets mainly of government bonds and listed assets
- Fossar funding source is mostly in form of money market deposits and bills which will be further diversified going forward
- Fossar will issue its first bond prospectus in late Q1 2024 and aims on diversifying its funding sources with longer term bonds
- Equity of the group stands at 21.1bn and increased ISK 3.8bn mostly due to share issuance from merger with Fossar
- Insurance investment assets stand at 42.7 bn (44bn including cash related to investments)
- Goodwill and intangible assets increase mainly due to acquisition and share capital increase in Fossar

| Balance Sheet                               | 31.12.2023    | 30.9.2023     | Diff. %    | 31.12.2022    | Diff. %    |
|---|---------------|---------------|------------|---------------|------------|
| <b>Assets</b>                               |               |               |            |               |            |
| Cash  | 2,271         | 2,182         | 4%         | 2,381         | -5%        |
| Insurance investments assets                | 42,759        | 43,376        | -1%        | 41,854        | 2%         |
| Fixed income securities                     | 4,562         | 0             | -          | 0             | -          |
| Shares and other variable income securities | 337           | 0             | -          | 0             | -          |
| Securities used for hedging                 | 4,521         | 0             | -          | 0             | -          |
| Loans to customers                          | 1,673         | 0             | -          | 0             | -          |
| Goodwill and intangible assets              | 4,259         | 1,865         | 128%       | 2,031         | 110%       |
| Other assets                                | 5,086         | 4,239         | 20%        | 3,889         | 31%        |
| <b>Total Assets</b>                         | <b>65,468</b> | <b>51,662</b> | <b>27%</b> | <b>50,154</b> | <b>31%</b> |
| <b>Liabilities and Equity</b>               |               |               |            |               |            |
| Insurance liabilities                       | 26,162        | 26,565        | -2%        | 25,088        | 4%         |
| Money market deposits                       | 6,227         | 0             | -          | 0             | -          |
| Bills                                       | 2,285         | 0             | -          | 0             | -          |
| Other liabilities                           | 6,031         | 3,887         | 55%        | 4,422         | 36%        |
| Subordinated liabilities                    | 3,590         | 3,491         | 3%         | 3,320         | 8%         |
| <b>Total Liabilities</b>                    | <b>44,296</b> | <b>33,944</b> | <b>30%</b> | <b>32,830</b> | <b>35%</b> |
| Equity                                      | 21,172        | 17,719        | 19%        | 17,325        | 22%        |
| <b>Total Liabilities and Equity</b>         | <b>65,468</b> | <b>51,662</b> | <b>27%</b> | <b>50,154</b> | <b>31%</b> |

# Solvency Ratio and Investment Bank Capital



Group is well capitalised for further growth

## Solvency Position

- Solvency ratio is strong at 1.68 at year end
- Adjusted for dividend and buyback the solvency ratio continues to be strong
- Own funds are well within target policy level

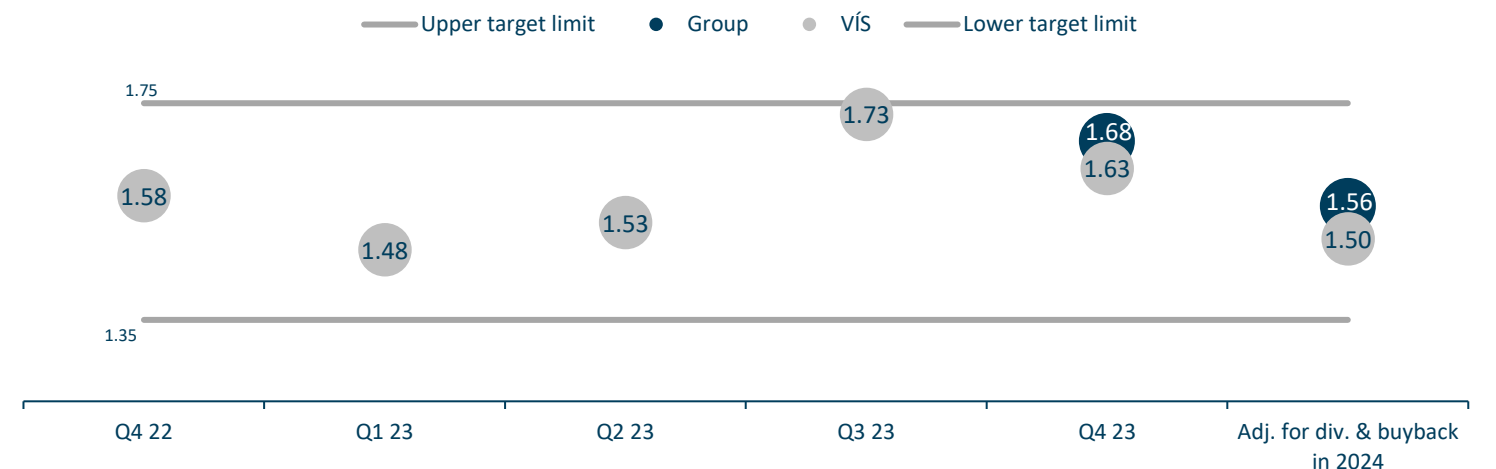
## Fossar Capital Position

- Fossar Capital ratio of 30.7% is 18.2% above minimum requirements
- Fossar capital position is 1bn above minimum target at year end
- Fossar to go through SREP in late 2024. Expected Pillar II requirements to be well within current capital ratio

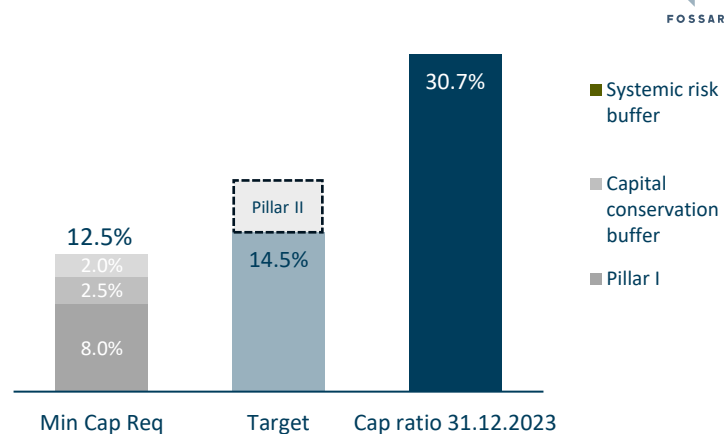
## Capital Allocation

- Opportunities in optimising capital allocation within the Group and support internal and external growth

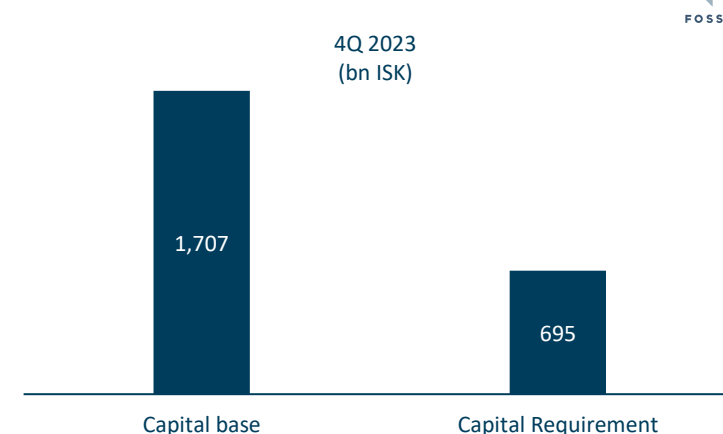
## Solvency ratio



## Fossar – Capital ratio



## Fossar - Capital and requirement



All amounts are in ISK

1. Target before SREP requirements (Pillar II). 2. Adjusted for current buy back program of 500 million and proposed dividend of 1,000 million



# Key Takeaways

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Skagi is a new Financial Services Group consisting of three main Business Units

- Insurance: Path towards Combined Ratio <95% has been set
- Financial Services: Growth in Investment Banking and Asset Management
- Investments: Strong track record of return on investments

Emphasis on building **diversified income streams** and enhance **long term shareholder value**

Focus on improving insurance operations and capitalize on **opportunities** in financial services

Financial targets for 2024 assume **improved operational performance** for Insurance and Financial Services

Financial strength to support internal and external **growth opportunities**

# Appendix:

## Further information

# Outlook: Medium-term Targets for Business Units in 2024

Providing shareholders a better view on medium-term targets each fiscal year

## Medium-term Targets for Business Units in 2024

### Insurance




- Target: Combined ratio to be below 95%
- Guidance range: 94 – 97%

### Financial Services

- Target: Net financial services income<sup>1</sup> to be above ISK 2.200 m or +80% YoY Pro Forma
- Guidance range: ISK 1.900 – 2.600m
- Net financial services income includes all net income of Fossar and SIV, including financial income

### Investments<sup>3</sup>

- Expected: Investments return 11%
- Target portfolio: 35% Equity / 65% Bonds
- Based on market assumptions in Jan 2024
- Expected return is based on Investments Portfolio of VÍS insurance

| Business Units           |   | Key Metric                                 | Medium-term Target FY 2024   | Guidance Range                       |
|--------------------------|---|--|------------------------------|--------------------------------------|
| Insurance                |  | Combined ratio                             | < 95%                        | 94 – 97% <sup>2</sup>                |
| Financial Services       |  | Net Financial services income <sup>1</sup> | ISK > 2.200 million          | ISK 1.900–2.600 million <sup>2</sup> |
| Investments <sup>3</sup> |  | Investment return                          | 11% exp. return <sup>3</sup> | No update on guidance <sup>3</sup>   |

All amounts are in ISK

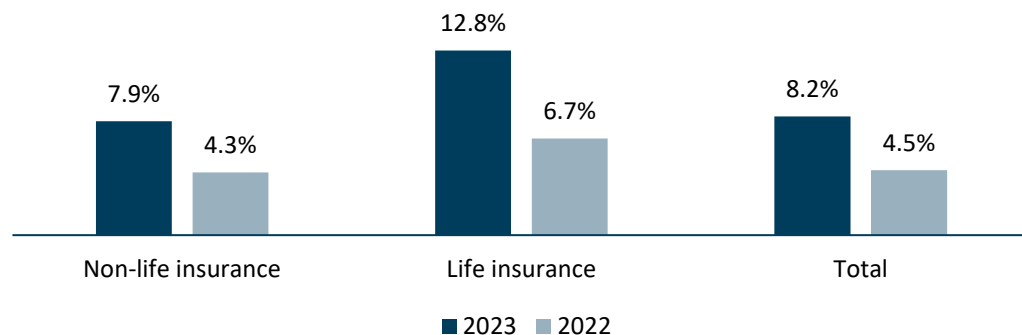
1. Financial Services Income includes all revenue of Fossar and SIV, including but not limited to net interest, fee and financial income. 2. Outlook to be updated if performance is expected to be outside of target range for Insurance and Financial Services business units. 3. Investments include solely the investments and income derived from VÍS Insurance business unit investment portfolio. Expected return target is based on market conditions and assumptions in January 2024 and asset allocation policy for the year. Expected return is on Investment Portfolio of VÍS insurance. No update will be provided on outlook guidance for expected return on Investments. The company publishes extensive information with breakdown on Investments portfolio and material changes in each quarter. Size of the Investment portfolio of VÍS insurance can fluctuate based on a number of factors, including but not limited to changes in value, market prices, dividend, buyback allocation of capital within the group etc.

# VÍS Insurance – Additional Information



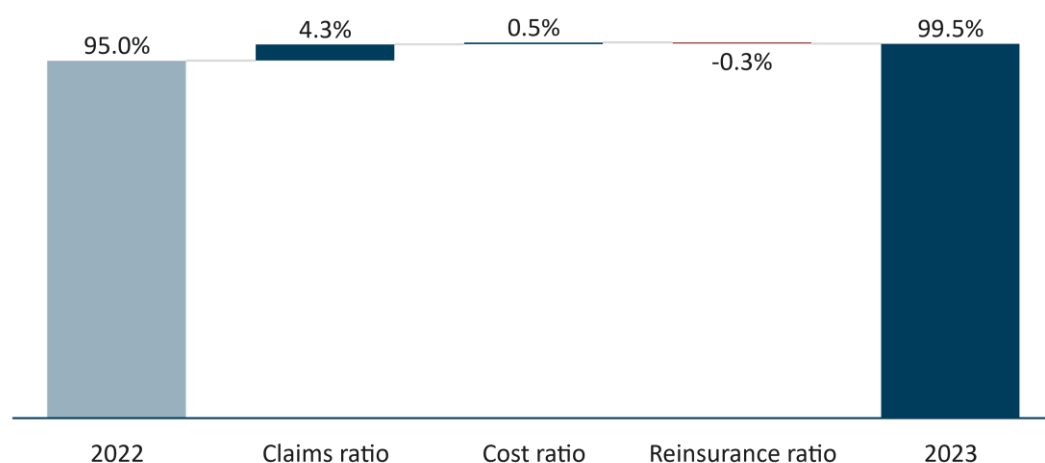
## Revenue and claims breakdown

### Insurance revenue growth FY

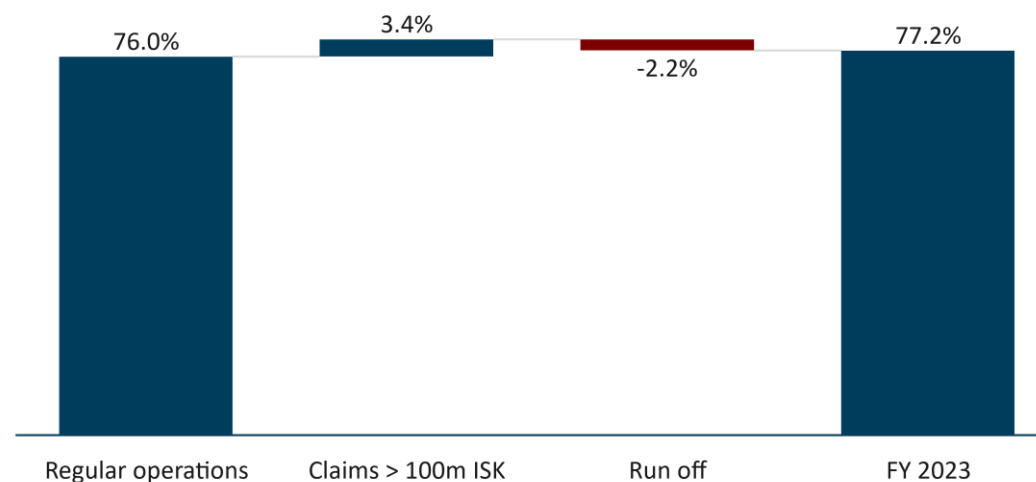


- Restructured sales processes led to turn around in sales both for individuals and corporate customers
- Focus on customer satisfaction and improving the service outside the capital area led to increase in NPS and CSAT
- New digital sales solution was launched, improving the customer journey and streamlining the sales process for employees
- Six claims above 100m in 2023, negatively affect combined ratio by 3,4%
- Higher average claim, especially in motor insurance

### Combined ratio from FY2022 to FY2023



### Breakdown of the claims and reinsurance ratio for 2023



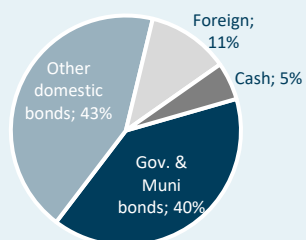
# Investment Portfolio – Additional Information



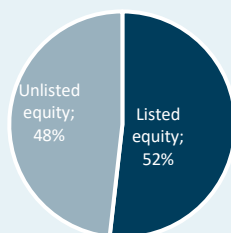
Breakdown of asset allocation and major positions in the portfolio

## Allocation of Bonds and Equity

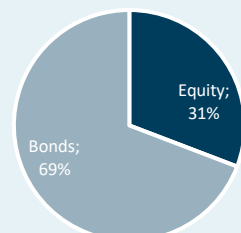
### Bonds & Cash 30bn



### Equity 14bn

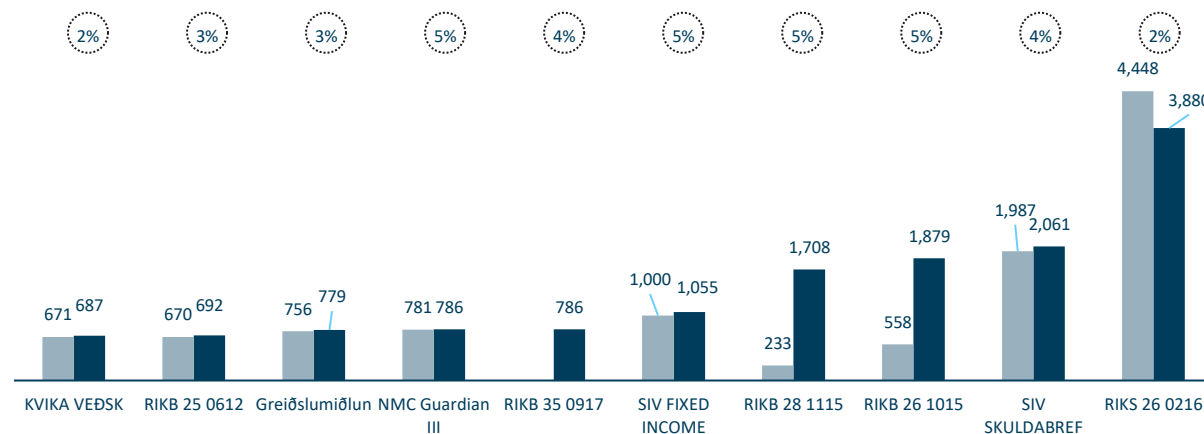


### Total Portfolio 44bn



Target Portfolio  
Bonds 65% / Equity 35%

## Bonds – 10 largest and return in quarter

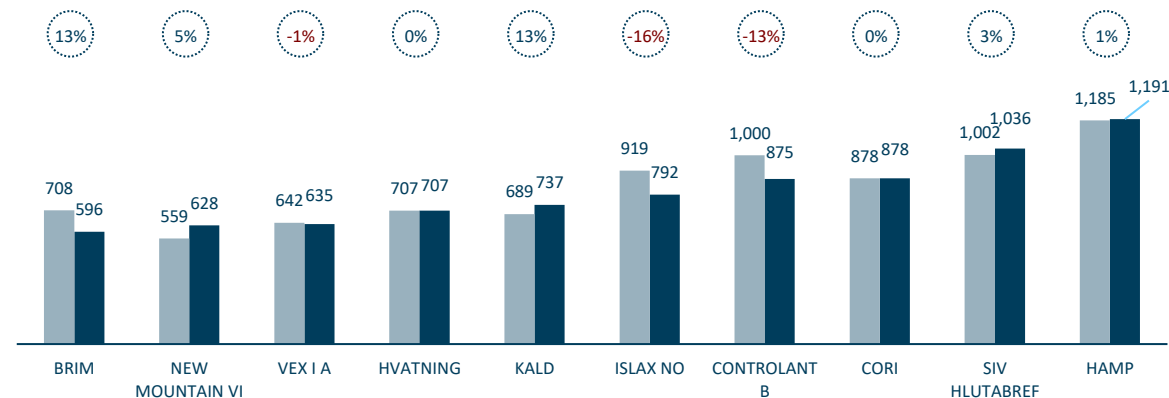


## Unlisted assets – 5 largest

|                                  | Value 31.12.2023 | Value 30.09.2023 | Difference | Share price 31.12.2023 |
|----------------------------------|------------------|------------------|------------|------------------------|
| CORIPHARMA                       | 878              | 878              | 0          | 16                     |
| Controlant                       | 875              | 1000             | -125       | 105                    |
| BLUE LAGOON                      | 707              | 707              | 0          | 1,5*                   |
| annata<br>Powering possibilities | 522              | 522              | 0          | 115,4**                |
| nox HEALTH                       | 339              | 0                | 0          | 83,5***                |

\* indirect via Hvatningu slhf. | \*\* indirect via VPE AN (VEX) | \*\*\* indirect via Nox Holding ehf.

## Equity – 10 largest and return in quarter



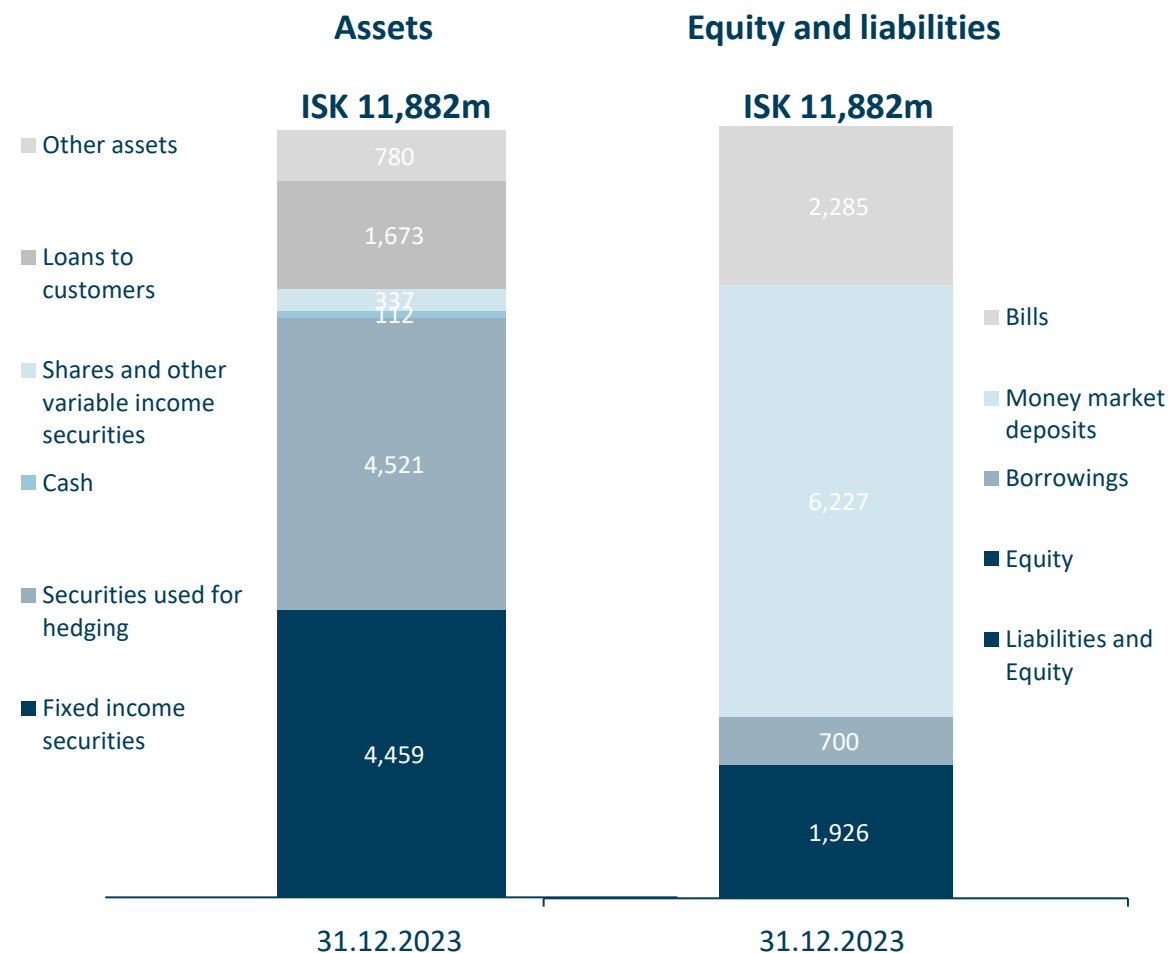
■ Q4 23 ■ Q3 23

# Fossar Investment Bank – Balance Sheet

Strong balance sheet with majority of assets in fixed income securities and listed assets



| Assets                                      | 31.12.2023    | 31.12.2022   |
|---|---------------|--------------|
| Fixed income securities                     | 4,459         | 2,613        |
| Shares and other variable income securities | 337           | 550          |
| Securities used for hedging                 | 4,521         | 1,884        |
| Loans to customers                          | 1,673         | 1,390        |
| Cash  | 112           | 762          |
| Other assets                                | 780           | 521          |
| <b>Total assets</b>                         | <b>11,882</b> | <b>7,444</b> |
| <hr/>                                       |               |              |
| <b>Equity</b>                               | <b>1,926</b>  | <b>1,058</b> |
| Borrowings                                  | 700           | 0            |
| Money market                                | 6,227         | 3,974        |
| Bills                                       | 2,285         | 1,786        |
| Other liabilities                           | 744           | 626          |
| <b>Total liabilities</b>                    | <b>9,813</b>  | <b>6,386</b> |
| <b>Equity and liabilities</b>               | <b>11,882</b> | <b>7,444</b> |



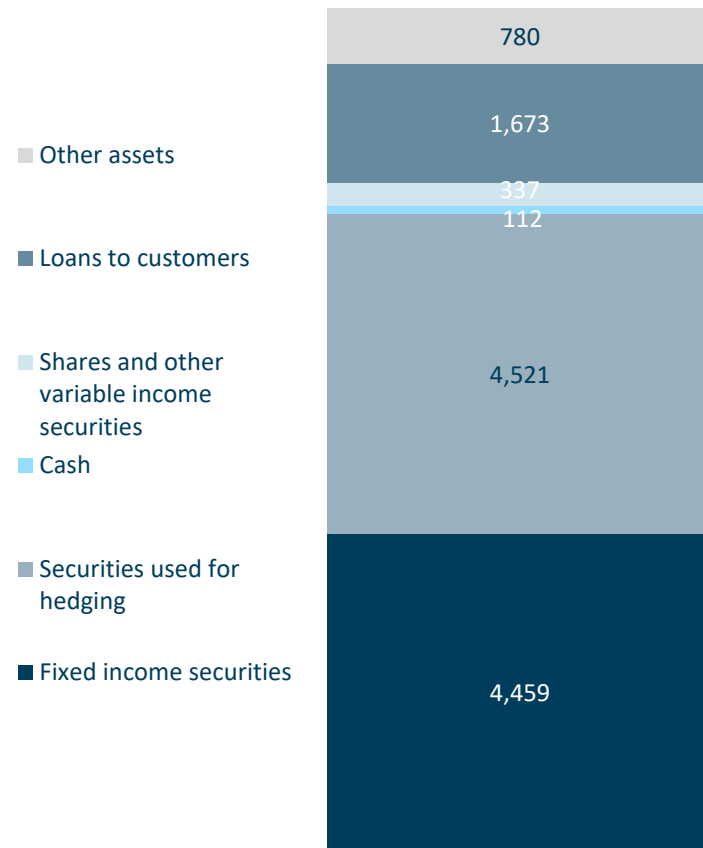
# Fossar Investment Bank – Liquid assets

Strong balance sheet with majority of assets in liquid government bonds and listed assets



## Fossar - Assets

ISK 11,882m

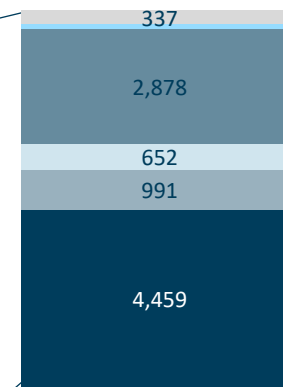


80% of  
Total assets

31.12.2023

## Fossar - Liquid government bonds and listed assets

ISK 9,430m



- Listed equity
- Cash
- Listed equity used for hedging
- Corp. Bonds used for hedging
- Govt. bonds used for hedging
- Govt. Bonds

## LCR ratio and Net stable funding ratio

| Liquidity coverage ratio (LCR)         |  | 31.12.2023  |
|--|--|-------------|
| High quality liquid assets             |  | 3,832       |
| Net outflow                            |  | 712         |
| <b>Liquidity coverage ratio (LCR)</b>  |  | <b>538%</b> |
| Minimum regulatory requirement         |  | 100%        |
| Net stable funding ratio (NSFR)        |  | 31.12.2023  |
| Available stable funding               |  | 4,159       |
| Required stable funding                |  | 2,191       |
| <b>Net stable funding ratio (NSFR)</b> |  | <b>190%</b> |
| Minimum regulatory requirement         |  | 100%        |

# Shaping our Future with Sustainability

– Strong ESG Ratings



## ESG ratings (Reitun): 80 points

VÍS achieved the score **80 out of 100** possible in Reitun's ESG rating. Placing the company in category B1. The rating is based on the company's performance in environmental, social and governance (ESG) issues in its operations.

This is the **highest rating** among insurance companies in Iceland



Signatory of:



Environment **87** points

Social **90** points

Governance **75** points



United Nations  
Global Compact

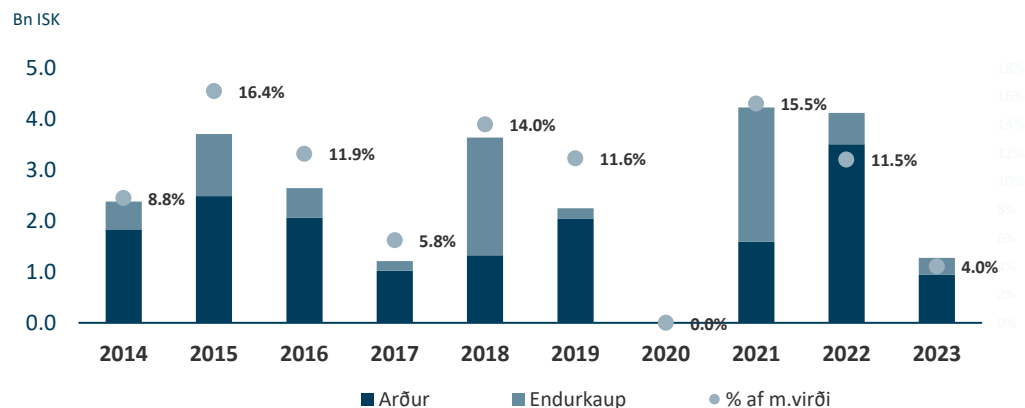


## EU Taxonomy

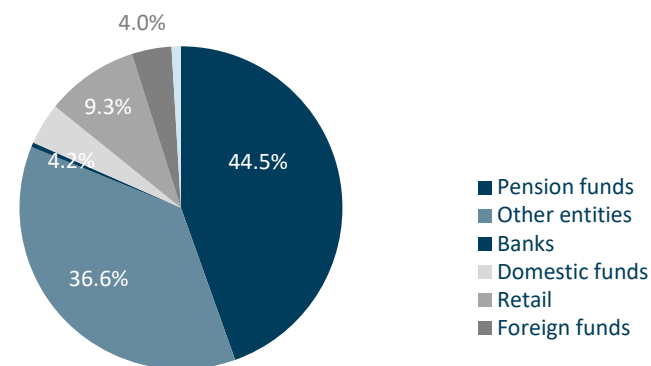
On June 1, 2023, regulation (EU) 2020/852 on the framework for sustainable investment was implemented into Icelandic law by law no. 25/2023 on the provision of information on sustainability in the field of financial services and classification system for sustainable investments. Companies that fall under the obligation of art. 66.d. Annual Accounts Act no. 3/2006 on non-financial disclosure must now also be disclosed according to the requirements of the aforementioned regulation, also known as the EU Taxonomy. **VÍS is among them.**



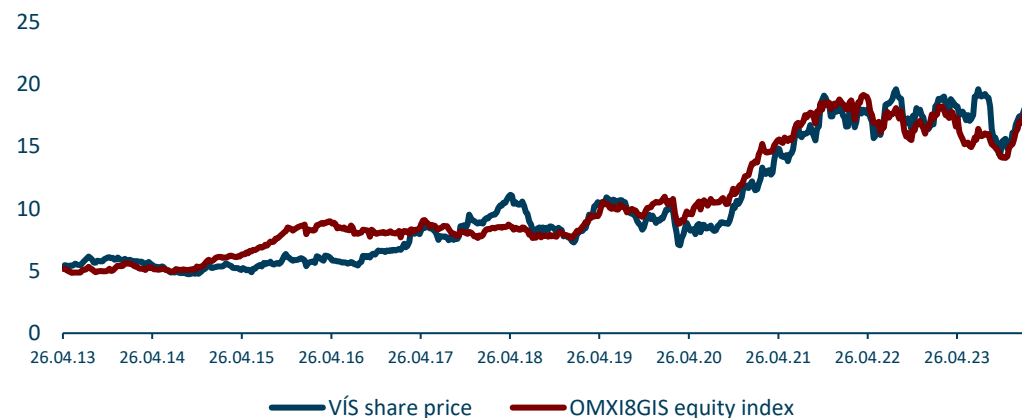
## Payments to shareholders



## Shareholders 24.02.2023



## Share price



## 10 Largest shareholders 24.02.2023

|   |      |
|---|------|
| Lífeyrissjóður starfsmanna ríkisins A-deild | 8.5% |
| Skel fjárfestingafélag hf.                  | 8.2% |
| Gildi lífeyrissjóður                        | 8.2% |
| Sjávarsýn ehf.                              | 8.1% |
| Frjálsi lífeyrissjóðurinn                   | 8.0% |
| Lífeyrissjóður verzlunarmanna               | 6.0% |
| Klettur fjárfestingar ehf.                  | 4.8% |
| Stapi lífeyrissjóður                        | 4.2% |
| Birta lífeyrissjóður                        | 3.3% |
| Arion banki hf.                             | 3.3% |

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